

GENERAL REPORT OF THE ECONOMY COMMI

CHAPTER I

APPOINTMENT AND TERMS OF REFERENCE*

The Economy Committee was appointed under the Government of India Resolution No. F. 1 (1) OSD/Econ./48, dated the 28th January 1948 with the following terms of reference:

To review the increase in the Civil Expenditure of the Central Government since 1938-39 and to make recommendations for the promotion of true economy in the administration by the elimination of unnecessary, wasteful or extravagant expenditure having regard particularly to:

- (1) the termination of activities which have ceased to serve any essential purpose;
- (2) the desirability of reducing or curtailing any functions or activities which may have been undertaken by the Central Government within the Provincial sphere beyond what is necessary;
- (3) the reduction of the scale of expenditure on staff, contingencies and supplies and services which is in excess of the minimum which is essential for an efficient administrative machinery; and
- (4) in regard to development expenditure to draw attention as far as possible to expenditure which is not in accordance with any defined policy of the Central Government and to suggest methods by which Government policy might be most economically carried out.

The Committee will examine the expenditure pertaining to all the Civil departments, their attached and subordinate offices including the Chief Commissioners' Provinces and the civilian establishment under the Defence Ministry. As regards the Railway Ministry, the expenditure incurred from Railway Revenues is already under examination by the Indian Railways Enquiry Committee 1947".

The notification appointing the Committee and the press communique issued by the Government at the time are annexed (Annexure I).

2. Scope of terms of reference.—The Committee assembled at Delhi on the 5th February 1948 when the scope of the terms of reference and the procedure to be followed were discussed. It appeared to the Committee that it was competent to recommend alternative methods of work and policy likely to lead to true economy over the whole field of civil expenditure. This interpretation was confirmed by the Hon'ble the Finance Minister in reply to a letter from the Chairman (*vide* Annexure II).

3. Procedure.—The Committee decided that in the first instance its representatives should visit the Ministries and their principal offices, study their functions and their working, and the manner in which their activities had developed since 1939. With the help of this study, the Committee decided the broad lines on which information should further be sought from the representatives of the Ministry. The Committee then formally examined the Secretaries of the Ministries who were assisted by a number of their principal officers; and then came to certain tentative conclusions regarding the directions in which economies will be possible. A draft report was drawn up,

and was again discussed with the Secretaries of the Ministries. It was these discussions that the recommendations regarding each Ministry were finalised. The Committee feels that the free and frank discussion which resulted under this procedure has enabled it to appreciate better the problems which faced the various Ministries, the manner in which they proposed to tackle them and the difficulties they had to overcome. The Committee has tried its best to reach conclusions acceptable to the Ministries, but from the nature of the work it was not always possible to do so.

4. When the Committee was formed, the anticipation was that it will be able to finish its labours within a few months. It was only as the work progressed, that the immensity of the task was realised. The work of most of the Ministries was so wide and varied that far greater time than originally anticipated was required in order to acquire a fair appreciation of their activities and to assess in what directions economies could be advised. It was therefore, felt that in order to speed up the work, additional assistance would be necessary. Accordingly, the Government was approached in April, 1948 for the loan of the services of two more officers but they were able to provide only one officer who joined in the middle of July 1948. In the meantime, the work of the Committee went on. As soon as the examination of an individual Ministry was completed an interim report containing its recommendations in respect of that Ministry was sent to the Ministry of Finance. (The dates at which the Reports were sent are given in Annexure III-A). Each interim report contains the Committee's final recommendations regarding the Ministry. But certain matters common to all Ministries had to be left over for consideration after the Committee had examined all the Ministries. Its recommendations on these matters are contained in this part of the Report.

5. **Witnesses examined and offices visited.**—Lists of Witnesses who appeared before the Committee and of offices visited by the representatives of the Committee are at Annexure III-A and B.

6. **Change in composition.**—Shri T. A. Ramalingam Chettiar tendered his resignation from the Committee in April 1948. Shri Jaipal Singh who was appointed in his place joined the Committee in May 1948.

7. **Acknowledgment.**—The Committee wishes to place on record its thanks for the willing assistance given to it by the Secretaries of the various Ministries and other officials.

CHAPTER II

GROWTH IN CIVIL EXPENDITURE

8. The Central Government expenditure rose from Rs. 91 crores in the 1938-39 to Rs. 496 crores by 1945-46, the last year of the war; and for the 1948-49, it is estimated at Rs. 349 crores. These figures include the expenditure debitable to the Defence Estimates, which is outside the scope of terms of reference, and also the expenditure on the Debt Services, which needs little comment. Excluding these items, the civil expenditure in 1938-39, 1945-46 and 1948-49 was respectively Rs. 24.8 crores, 90.8 crores and 116.8 crores. A detailed statement showing the growth, year by year from 1938-39 to 1948-49 of expenditure under various heads is annexed. (Annexure IV).

9. There was a general expectation that the increase in expenditure which had occurred during the war emergency would disappear with the termination of the war and that the budget would be reduced to reasonable proportions. These expectations have not been realised. The expenditure for the

1948-49 is nearly Rs. 120 crores more than the expenditure in the year 1938-39 and Rs. 50 crores more than in the last year of the war. The following table indicates briefly the main items of increase of expenditure since 1938-39.

Increase in expenditure over expenditure in 1938-39

(Figures in lakhs of rupees)

Items	Expendi- ture in 1938-39	Expendi- ture in 1945-46	Increase in 1945- 46 over 1938-39	Expendi- ture in 1948-49 (Revised Estimates)	Increase in 1948-49 over 1938-39
1	2	3	4	5	6
A. Items attributable to war.					
(1) Special subventions to Bengal (Bengal Famine) . . . . .	..	8,00	8,00	..	..
(2) Contribution to UNRRA . . . . .	..	7,87	7,87	..	..
(3) Compensation for loss in Bombay explosion . . . . .	..	4,32	4,32	..	..
(4) Relief to Bruma evacuees . . . . .	..	1,97	1,97	4	4
(5) Subventions to Provinces for Police. (To augment provincial police and to tighten up security measures) . . . . .	..	2,57	2,57	17	17
(6) War Risks Insurance . . . . .	..	2,19	2,19	..	..
(7) Civil Defence . . . . .	..	1,52	1,52	..	..
(8) Securing of War Supplies . . . . .	..	3,87	3,87	..	..
Total . . . . .	..	32,31	32,31	21	21
B. Food and Controls.					
(1) Food Control (including food sub- sidies to provinces and states) . . . . .	..	93	93	32,69	32,69
(2) Controls other than Food . . . . .	..	1,28	1,28	92	92
(3) Grow More Food Grants . . . . .	..	1,49	1,49	*	*
Total . . . . .	..	3,70	3,70	33,61	33,61
C. Development—					
(1) Scientific Departments and scien- tific research	67	1,26	59	3,50	5,283
(2) Civil Aviation	30	40	10	1,93	1,63
(3) Education	24	53	29	1,92	1,68
(4) Medical and Public Health	35	77	42	1,85	1,50
(5) Development Grants to Provinces . . . . .	..	2	2	*	*
Total	1,56	2,98	1,42	9,20	7,64
D. Activities which continue, but with a new orientation.					
(1) Industries and Supplies	49	1,51	1,02	6,72	6,23†
(2) Publicity (including Broadcasting)	23	2,29	2,06	2,07	1,84
(3) Labour	5	4,81	4,76†	2,90	2,85
Total	77	8,61	7,84	11,69	10,92

	1	2	3	4	5	6
E. Partition, Relief and New Responsibilities.						
(1) Pre-partition liabilities . . . . .	..	..	..	20,75	20,75	
(2) Relief and Rehabilitation . . . . .	..	..	..	19,45	19,45	
(3) External Affairs	64	1,41	77	2,56	1,92	
Total	64	1,41	77	42,76	42,12	
F. Administration.						
(1) General Administration	1,82	4,19	2,37	5,57	3,75	
(2) Charges in collection of revenue	4,23	9,66	5,43	9,88	5,55	
(3) Stationery and Printing	53	2,71	2,18	3,02	2,49	
(4) Currency and Mint	36	1,51	1,15	2,76	2,40	
(5) Civil Works	2,52	1,40	—1,12	8,16	5,64	
(6) Tribal Areas	1,99	3,68	1,69	76	—1,23	
Total	11,45	23,15	11,70	30,15	18,70	

* The grants to Provinces for development and "Grow More Food" were, in the year 1945-46 financed by revenue, but are now being shown under 'Capital'—the expenditure on these items in 1948-49 being Rs. 18 crores.

† Present expenditure on 'Industries and Supplies' is on development of industries and disposal of war surplus stores, whereas expenditure in 1945-46 represents mainly on organisation for procurement of war supplies.

‡ The 1945-46 expenditure on 'Labour' includes expenditure on the Civil Pioneer Force administration of the National Service Technical Personnel Ordinance, etc., while now the expenditure is on welfare measures.

16. Apart from the increase in revenue expenditure, there has been an appreciable increase in the capital expenditure programme of Government, which has an indirect effect of increasing the expenditure of general administration. Before the war, the capital expenditure on the Central Government on Civil projects excluding Railways, and Posts and Telegraphs Department was negligible. Even in the year 1945-46 it was of the order of one crore only excluding expenditure on Railways, Posts and Telegraphs, Defence and State Trading. For the year 1948-49, the estimated expenditure was originally Rs. 60 crores, but later was reduced to Rs. 52 crores. These figures exclude extraordinary items like payment to the United Kingdom on account of commuted value of sterling pensions (Rs. 215 crores) and to Pakistan (Rs. 5 crores) for the setting up of institutions which could not be partitioned. The main items are:

	Rs.	Lakhs
Civil Works	5,68	
Civil Aviation	3,00	"
Currency and Mint	6,80	"
Irrigation	1,16	"
Industrial Development	10,94	"
Initial expenditure on new Capital at Delhi	1,76	"
Grants to Provincial Governments for Development	18,00	"

11. It is evident from the above analysis that the saving in expenditure as a result of termination of war activities is more than off-set by the increased expenditure on one item only, *viz.*, Food. The setting up of a National Government, the partition of the country and its aftermath have given rise to new responsibilities and expenditure. The establishment of diplomatic relations with foreign countries is inescapable. The evacuation of refugees from Pakistan and the problem of their resettlement is a task which was bound to tax seriously the resources of Government. To reduce India's dependence for food supplies on foreign countries, it is necessary to complete the large river valley schemes and land reclamation projects. The execution of these projects takes time and in the meanwhile Government must incur expenditure both on the projects and on the import of food. Further, the functions of Government have received a new orientation, with the advent of a democratic National Government and with the social and economic forces released as a result of the war. The development of the country's resources—agricultural and industrial—with a view to raise the general standard of living and to improve the lot of the common mass of people, must claim the first attention of Government. The planning and executions of schemes designed to achieve this end require staff and expenditure. It would therefore not be quite fair to compare the present expenditure of Government with the pre-war expenditure and to draw any conclusion from such comparison.

12. **Want of proper planning.**—While a large increase over pre-war expenditure and staff is inevitable, we are satisfied from our examination of the working of the various Government Departments that the circumstances in which the National Government came into power and the manner in which new responsibilities devolved on Government subsequently, have given rise to wasteful expenditure. Shortly before the termination of the war, the various Departments of the Central Government, as well as Provincial Governments, were invited to draw up plans for post-war development. These plans were based on an over-optimistic estimate of the resources available to Government. The result is that many of the schemes are grandiose and Government have already been forced to the painful conclusion that some of them must be postponed and others drastically curtailed. However, Development programmes are still being drawn up without giving adequate consideration to the availability of material, personnel and money. One Ministry had drawn up an extensive construction programme without taking steps to find out the availability of steel and cement from the Ministry of Industry and Supply which was responsible for their distribution. It was argued that when later the Industry and Supply Ministry expressed its inability to supply cement and steel, the designs were altered to utilise other material. Even so, such planning involves a waste of effort. A similar lack of planning underlies the Grow More Food Campaign. It is often urged that the plan could not be executed because other Departments or offices at the Centre or in the Provinces did not do their part of the job in time. We would only wish to observe that a plan to be effective must take into account the capacity of all concerned to do the parts assigned to them.

13. **Encroachment over Provincial field.**—A second source of avoidable expenditure can be traced to the increasing encroachment by the Central Government, particularly in the Ministries of Education, Agriculture and Health, over the functions of Provincial Governments. It is appreciated that these subjects cannot be treated as matters of purely Provincial concern. For India to develop on healthy lines, it is essential to ensure that the economic and social development of the various Provincial and States Units is, as far as possible, uniform. The Centre has a useful function to perform in acting as a

coordinating and advisory body, and in assisting Provinces in the implementation of their development schemes. But it would be wrong for the Centre, under the guise of coordination or, on the plea that the Provincial administrations are inadequately equipped, to undertake directly activities which are essentially Provincial functions. It is perhaps difficult to draw a line as to where advice ends, and interference begins, but the examination of the Ministries and their activities has convinced us that at least as far as major Provinces are concerned, the Centre could with advantage restrict its "advice". As regards minor Provinces, the primary difficulty seems to be the inability of the Provincial Services to cope with the tasks that fall on them. The proper solution in such cases is for the Centre to assist the Provinces in developing their own Services. Provincial autonomy without Provincial responsibility is detrimental to the growth of a healthy Governmental machinery.

14. Efficiency of the Services.—A third reason is the deterioration in the efficiency and morale of the Services. The rapid and phenomenal increase in Government establishments made it extremely difficult for Government to secure qualified personnel and recruitment became haphazard. Persons who would not have been ordinarily considered fit for appointment were recruited; it was not possible to give the recruits proper training and often persons comparatively junior and inexperienced were pressed into jobs which they could not adequately fill. The influx of a large number of refugees from Western Pakistan and their absorption in Government services has also been a contributory factor. The promotions have been uneven and in many cases officers have received fantastic rises in salary. A few glaring instances are set out in the Annexure for purposes of illustration (Annexure V). A large majority of the new recruits are holding appointments in a temporary capacity. The result has been that an employee is rarely keen on concentrating on his work, but is more interested in looking out for a job with a view to improve his prospects. The witnesses who appeared before us freely admitted the inefficiency of the existing staff. Indeed, notwithstanding the large establishments in the Government offices, the work in many places is heavily in arrears. A mere reduction in staff without at the same time taking alternative measures to increase efficiency in work would only lead to accumulation of the arrears and deterioration in administration. In the subsequent chapters we have examined the various aspects of this problem.

CHAPTER III

PLANNING

15. Post-War development plans.—In the year 1945, the Departments of the Central Government, and Provincial Governments, were requested to draw up post-war plans of development with a view to increase the services provided by Government and improve the general standard of living. It was expected that in the five year period following the termination of the war a sum of Rs. 1000 crores would be available for Development.

In some Ministries large establishments are employed, or are proposed to be employed, for the preparation and implementation of these plans, and for scrutinising the details of Provincial Development plans and to advise Provinces. The establishments involve appreciable expenditure.

We have attempted, but without success, to find out the amount which the Central Government had hoped to spend on development plans till the end of the year 1948-49. The best estimate we have been able to get, shows that about Rs. 90 crores have been spent on provincial development plans and

about Rs. 50 crores by the Centre on Central development plans in the three year period. It is evident that the progress in respect of development plans is slow and that a substantial proportion of the 'planning' work done has been wasted. There is at present no machinery to ensure that an order of priority is arranged between competing schemes and that energy is not wasted in preparation of plans so far ahead, that they become out of date before they can ever be implemented. The development plans require for their implementation, technical personnel and material in addition to finance; both of these are in short supply. It is necessary therefore to phase out the development schemes throughout the country with the availability of men and material. Moreover, planning should cover all aspects. For example, standard plans were drawn for hospitals of 30 beds costing 10 lakhs without considering how many towns in the country could afford such hospitals. Government should first arrange in an order of priority the various projects, then take an overall picture of the resources available at its disposal and decide the projects which it is in a position to carry out at any particular period of time.

16. Defects in existing financial procedure.—The present system of financial control is partly to blame for the ineptitude in planning. The budget is framed to cover the financial year and expenditure sanctions which are given later, generally lapse at the end of the financial year. It is impossible to prepare and execute a development programme under such conditions. In one case, the Ministry of Finance gave sanction in the month of February 1948 to recruit staff required for the Films Division of the Ministry of Information and Broadcasting for a period ending with September 1948 only. We should have thought as self-evident that it is impossible to organise a Films Division of such short duration and to hope that it would produce any tangible results. The proper attitude would have been not to sanction the expenditure at all until the Finance Ministry could make up its mind whether it can afford the funds required for a period sufficiently long (3 to 5 years) to enable the Ministry of Information and Broadcasting to plan its work on rational lines. A number of post-war development programmes require import of material from abroad and in these days the purchases can rarely be effected within the financial year. An order cannot be placed without financial sanction and at the end of the financial year the purchasing authority will have again to go to Finance for fresh allocation of funds, in the next year. In dealing with the Ministry of Finance, we have suggested a scheme of non-lapsing funds so that long term planning may be possible.

17. Overall picture needed.—Besides, Ministries send up schemes to the Ministry of Finance for approval at odd intervals. When they come up after the year's budget has been prepared, each scheme is dealt with on its merits and an *ad hoc* decision is taken. There is no procedure available to enable Government to give thought to the total availability of funds and how best they could be utilised for the various undertakings put up. In our opinion, a Ministry should be capable of planning at least six months ahead and the development plans from various Ministries should be considered together at periodical intervals so that a relative priority between competing schemes could be decided upon.

18. Planning Commission.—We recommend that there should be an organisation to co-ordinate planning. This could appropriately be a Planning Commission with the sole function of advising Government on co-ordination of effort and relative priorities. The Commission should be a business-like body consisting of not more than three high-powered persons and may have a small Secretariat. But it should not employ any experts of its own. The Planning

and Development Department established some years ago to achieve co-ordination failed in its object, mainly because it started with a big specialist organisation of its own and its technical advisers came into conflict with the advisers of the Administrative Departments. All the expert advice the Commission may need must be obtained from the appropriate Ministry of Government. Where any Ministry is unable to render the assistance required by the Commission the Ministry concerned should be strengthened; a rival organisation under the Planning Commission should not be set up. The Commission must have direct access to the Cabinet without the intervention of any other authority. It should in the first instance evolve an all-India plan which should include schemes of the Central, Provincial and State Governments for the next 3 or 5 years in broad outline, after taking into account the availability of technical personnel and other resources, *e.g.*, the foreign exchange etc. A plan which does not take into account the development programmes of Provinces and States would be infructuous as they also draw against practically the same resources as the Centre. Once the Provincial and State quotas are fixed it will be the Commission's function to secure the quotas to them and to see that they are fully utilised and generally to watch the progress. As regards the Central Government, it should enquire every six months from the Ministry of Finance the funds it can provide for new development schemes, over and above the funds already agreed to in respect of sanctioned schemes, ascertain from other Ministries the availability of material, transport etc., first make provision for schemes already approved and in course of execution, and allocate the surplus amongst the competing schemes. Also, it should be the responsibility of the Commission to keep track of the progress of all current schemes, give directions to the Ministries concerned for the removal of difficulties in departmental workings, which may be hindering progress according to plan, and if the difficulties continue to persist, bring the matter to the notice of the Cabinet. It is for consideration of Government, whether a separate Commission should be set up for the purpose or whether the work should be entrusted to the Economic Committee of the Cabinet.

CHAPTER IV

PERSONNEL

19. Causes of loss of efficiency.—An efficient service organisation is a prerequisite of an economic administrative machinery. It was the unanimous opinion of the witnesses examined by us that the services have considerably deteriorated in efficiency. A number of causes have contributed to this result. One cause was rapid recruitment without adequate facilities for training. In 1941, recruitment to the permanent services was stopped as a matter of policy to provide for men with war service. The permanent vacancies have now been filled but the war service recruits require time to acquire knowledge and experience. In the meantime, with the attainment of independence, Government has lost a number of senior and experienced officials. The existence of a large number of temporary employees without any training or tradition, the lack of adequate supervision because of the paucity of officers and the increased tempo of work, and the general unsettling effect of the economic conditions prevailing during and after the war, have had their effect on the morale of the services. Again, the advent of a popular Government has tended to a relaxation of disciplinary control. It would be dangerous to dismiss these difficulties as teething troubles. Unless effective steps are taken to check the deterioration, it will not be possible to develop an efficient Service Organisation which is essential for the success of a democratic administration.

20. Recruitment and the Federal Public Service Commission.—The first step is to recruit only qualified personnel on sound and impartial lines. Recruitment from the open market to class I and class II services of the Central Government is required to be done through the Federal Public Service Commission except in certain special circumstances. Unfortunately a system has developed since the commencement of the war whereby appointing authorities find various short-cuts to get round this limitation. Appointing authorities on their part complain of the delay in recruitment through the Federal Public Service Commission and of the quality of selection. In our interim report on the F.P.S.C. we have commented in detail on the present composition of the F.P.S.C. and its methods of work. Briefly our recommendations are that, in the larger interest of democratic Government in the country, a sound tradition should be built up of keeping recruitment to the services free from political patronage, by making it with the help of the Federal Public Service Commission. It would not be possible to achieve this unless the composition of the Commission is such as to inspire public confidence. It should consist of active men known for their impartiality and imagination so that on the one hand they can assess judiciously the merits of competing candidates and on the other, adjust their methods of work to facilitate the growing needs of the administrative machinery of Government. The present conditions of service of the members of the Commission should be so modified as to enable a wider field of selection and to enable the continuance of the Members on the Commission for a period long enough for Government to benefit by their experience. The Commission should be associated with the "Selection Board" which makes recommendations for appointments to the superior Secretariat posts and with the Committee in the Ministry of External Affairs which makes recommendations for promotions in the Foreign Service. The Government, on its part, should accept the advice of the Commission save in very exceptional circumstances and should place periodically before the Parliament a statement of all cases wherein, for whatever reason, it is unable to accept such advice together with the reasons for not accepting it. The Commission should also publish an annual report reviewing its activities.

21 Recruitment to Subordinate Services.—As regards class III posts, the Ministry of Home Affairs is considering a proposal to establish a Subordinate Service Commission which will be entrusted with the responsibility to recruit the best available personnel. In our opinion a proper machinery for recruiting to various grades of Government services is a basic necessity and it should be brought into being as early as possible.

22. Training.—Provision of training facilities in methods of Government work is as important as selecting the right type of recruit. In the past, it was left to a recruit to learn as he worked. In our opinion this attitude can no longer hold good. The large majority of employees in any office are themselves raw and inexperienced and scarcely in a position to train others; the few senior and experienced men are so over-burdened with the day-to-day work that they are not in a position to attend to the training of new recruits. Lately, some offices seem to have realised the desirability of setting up training establishments but in our view there is considerable scope for increasing these facilities. For each group of Government employees required for similar types of work there can be regular training classes. The extra expenditure on training will within a short time result in real economy. As and when trained recruits become available, gradual reduction in establishment should be effected so as to secure an overall reduction of 25 per cent in the strength.

23 Advanced Technical Training.—Another problem which is equally important relates to the dearth of qualified men for the various scientific and technical posts under Government. The plans for intensive development of

the country and the starting of a number of State industries have accentuated the demands for technical staff. The Overseas scholarship scheme of the Ministry of Education, properly utilised, will provide one source of necessary recruits. Study leave to officers is another method.

At times Indian students find particular difficulty in obtaining advanced practical training in technical subjects. The Ministry of Industry and Supply, while placing orders for purchase of machinery abroad, usually makes it a condition that the seller firms should provide training facilities to Indians. The Ministry of Education, which is responsible for the placing of Indian students for training overseas, should take steps in consultation with the Ministry of Industry and Supply to utilise fully the training facilities thus secured.

24. Training for technical lower supervisory posts.—The Ministry of Labour has a scheme for training skilled workmen but there does not appear to be any well-thought-out scheme for the training of skilled workmen in the lower supervisory grades *e.g.* chargemen, foremen, etc. India is deficient in this type of worker. Proper arrangements for the training of persons who can be appointed to these grades will be useful to the various State industries and assist the industrial development of the country. We suggest that an immediate beginning should be made to utilise the capacity available in all Government controlled factories and workshops, to recruit apprentices of an intelligent type and with better theoretical knowledge, and train them for appointment to these grades. It should also be possible to arrange for similar training in some privately-owned factories.

25. Security of tenure.—The conditions of service of Government employees should be such as to induce them to give of their best. The first condition in this respect is security of tenure. This constitutes the main attraction of Government service. Unfortunately, in circumstances which prevailed during recent years a situation has arisen wherein, over 80 per cent of the persons hold their posts in a temporary capacity. We suggest, that as soon as a decision is reached on the strength of the permanent posts in a Ministry and the offices under its control in the light of our recommendations, confirmations should be made in them. With a stable body of men who are sure of their tenure it is expected that there will be considerable improvement in efficiency all round.

It may still be necessary to sanction a certain number of posts on a temporary basis. In assessing the temporary nature of a post, however, it has been the practice to sanction posts for the financial year only or for a lesser period. In order to reduce the number of short term posts we recommend that the merits of each case should be considered and if posts are likely to last for more than one year, the minimum period for which their existence can be foreseen should be considered the period for which they should be sanctioned. Persons employed against such posts should be on a contract of service, terminable on one month's notice though this period may be extended upto three months in case of technical appointments. This will assist in securing a better type of recruit and a proper planning of activities. Instances in point are the staff required for the Films Division under the Ministry of Information and Broadcasting, for the Rehabilitation Wing of the Ministry of Relief and Rehabilitation, and for the Central Waterpower Irrigation and Navigation Commission for the execution of large projects like the Hirakud Dam.

Whilst we advocate confirmations in the posts that are declared permanent, we must safeguard against a routine confirmation of existing personnel. The greatest care should be taken at the time of making these confirmations, and

no person should be confirmed unless he has come through the regular procedure of recruitment or, as suggested in our report on the Federal Public Service Commission, was recruited before the 1st January 1946, and is considered fit for confirmation by the appropriate Departmental Promotions Committee. Orders were recently issued by the Home Ministry for categorising the existing personnel and it should be possible to pick out the persons to be discharged, but the procedure should be such as to inspire confidence in the staff that the discharges have been made impartially.

26. Promotion on basis of merit.—As in the case of initial appointments, promotions should also be determined impartially on the basis of merit through a machinery and procedure which will inspire confidence in Government servants. It is often the practice for promotions in Government Departments to go by seniority. Seniority, which connotes experience, must be given due weight, other things being equal; but if Government is to get the best out of its employees, selection must play its full part in promotions to higher appointments and must be based on merit and not on favouritism or the chance presence of an officer in proximity to high places. We hope that Departmental Promotions Committees which have been recently set up will be fully utilised in making promotions and the abuses which have occurred in the past in promoting personnel in a haphazard fashion, and which have created considerable heart-burning, will cease.

27. Rapidity of Promotions.—The rapid expansion in government establishments coincided with the departure of many senior and experienced officials, and has resulted in the appointment to higher posts of comparatively junior and inexperienced officials. Many Secretariat appointments are standing illustrations of such rapid promotion. A similar situation prevails with regard to promotions in many administrative offices.

28. Remedies.—The promotion of inefficient employees to higher supervisory posts is in itself responsible for further expansions in staff. Officials, ex-hypothesi inefficient for the tasks assigned to them, naturally take longer time to dispose of a particular case and may even deal with it in such a manner as to increase work all round. There is consequently a demand for further increases in staff which results in the recruitment and promotion of more inefficient persons. This vicious circle must be broken. The reason is often urged that a particular post is necessary; and as it must be filled, the best person available is appointed. We must point out however that it is necessary to distinguish between the appointment of a person fit to hold a post, and the appointment of a person who, while not fully competent for being appointed to a job, is the best person available to hold it. The former presents no problem. In the latter case, the employee is not competent to discharge efficiently the duties of the post to which he is appointed; such appointments are therefore wasteful. The proper course in such a contingency is to downgrade or keep in abeyance the post till such time as a person fully qualified for it becomes available. In the meanwhile alternative arrangements for the discharge of the duties of the post should be made. The person thus made responsible to discharge some of the duties of the higher post may be paid an extra remuneration, commensurate with the higher responsibility. We do not agree with the argument, often urged that the post cannot be downgraded or held in abeyance because the status connected with the higher post is necessary to enable the new officer competently to discharge his duties.

It has been suggested that Ministries are generally unwilling to follow the course of downgrading a post in the circumstances mentioned above, because such an arrangement will be utilised later by the Ministry of Finance, as an argument that the higher post is no longer necessary. We recommend that

there should be a rule that a post downgraded in such circumstances at the instance of the administrative Ministry can be upgraded by the Ministry, without reference to the Ministry of Finance.

29. Minimum length of Service.—In order to prevent the appointment of inexperienced officials to senior appointments, we recommend as a working rule that the standards of minimum length of service observed in practice before 1939 in respect of public services for various categories of posts should not be lowered by more than three years. Where a post is kept unfilled because of the operation of this rule and alternative arrangements are made, the officer so selected may be given an additional pay not exceeding 25 per cent. of the previous pay drawn, in view of the higher responsibility he will be undertaking or the pay of the new post whichever is less. A similar rule should be applied in respect of direct recruits also. Ordinarily no such person should be appointed to a post which he would not have attained if he had entered Government Service at the age of 25 years.

30. Rule to apply for Non-Secretariat posts also.—This rule should apply uniformly to officers in the Secretariat as well as in other government offices. Otherwise, permanent government officials would not be attracted by a Secretariat career, and there will be the danger, already evident, that the Secretariat which should contain a competent body of officers, conversant with administration, will become staffed by comparatively inexperienced men who will only succeed in preventing the administrative organisations from making any headway with their work.

31. Transfer of offices out of Delhi.—The conditions under which Government employees are called upon to work at the seat of Government are having a serious adverse effect on their efficiency. Government have accepted in principle the desirability, in view of the congestion in Delhi, of shifting some of the offices to other places. But the offices should not be shifted to places which are already congested. To whichever place it is proposed to shift an office, it is most likely that additional buildings will have to be put up. We feel that additional construction work in Delhi should be restricted to the minimum and the shifting of offices, whose location in Delhi is not essential to another place be speeded up.

32. Disciplinary Control.—While we have suggested certain measures to ameliorate the conditions of service of Government servants, we wish to emphasise that Government servants on their part have a responsibility towards the general public. They must be free from corruption and should be courteous, and efficient. That there is considerable scope for improvement with regard to these matters will be readily admitted. Such improvement will undoubtedly take time; but in view of the deterioration in morale which has set in, it is essential to take positive and early steps to remedy the situation. At present officers do not take action against a lax employee because the existing procedure for imposing disciplinary punishment is cumbersome. We recommend that the formal enquiry procedure, which is of a quasi-judicial character, should be resorted to only in cases involving bribery and corruption or where the punishment is likely to be removal or dismissal from service. It should be impressed on all superior officers that they are directly responsible for the efficient working of their subordinates, and they should not hesitate to take prompt disciplinary action. While we do not advocate any curtailment of an employee's right of appeal, higher officials must make it a point to adhere strictly to the procedure prescribed for imposing disciplinary punishments and for appeals against punishments imposed. If an officer imposing a penalty has abused his powers, maliciously or otherwise, the proper course is to take suitable action against such officer.

We understand that, having regard to the defective manner and slow progress of departmental enquiries conducted by regular officers in a department, the Government of Madras appointed sometime back two Special Officers of the status of District Judge to hold departmental enquiries against superior officers and that this arrangement has been found to be satisfactory. We suggest that a similar scheme should be given a trial at the Centre.

33. Corruption—Remedies.—Complaints of corruption against public servants have increased since the outbreak of the war. The case with which money could be made during the war has exposed public servants to temptation which some have found hard to resist. Various special measures have been taken by Government to check this evil but so far with little success.

There is under the Ministry of Home Affairs a Special Police Establishment whose responsibility it is to investigate into cases of corruption against Central Government servants; but recently a tendency has developed for other Ministries to set up parallel organisations to check corruption. We do not favour such a procedure. In our view, the investigation into corruption cases should be made the responsibility of the Special Police Establishment under the Home Ministry, which should be suitably strengthened to meet the demands made on it. A Central Police Cadre recruited partly directly and partly from the Provincial Services should be set up so that this organisation can obtain the officers it needs. In the meanwhile, we should guard against the employment on the Special Police Establishment of inefficient men, and should refrain from loading the staff available with more work than it can reasonably handle. Quick investigation followed by quick punishment, even in a few cases, will have more salutary effect in checking corruption than the detection of a large number of cases long after the commission of the offence. The Special Police Establishment should concentrate only on as many cases as it can investigate with reasonable expedition.

It has been brought to our notice that the methods of work of the Special Police Establishment are capable of improvement. Investigations into cases of corruption often require a knowledge of the internal working in a particular Department, and it would be advantageous if the Special Police Establishment has on its staff a few persons with specialised knowledge of the methods of work in Departments like Income-tax, C.P.W.D., etc. Also, in view of the frequency of irresponsible complaints against persons in posts of authority, and the need for safeguarding individual officers from vexatious harassment, we suggest that the Special Police Establishment should conduct their investigations in consultation with the Secretary or other officer of the Ministry, specially designated for the purpose. The question of criminal prosecution should be entirely for the Home Ministry to decide.

Under the present constitutional position, a Central Police Organisation cannot exercise executive powers in the Provinces. It seems to us necessary that a Federal Government should have, in the ultimate, an agency to bring to book culprits against federal laws, and that necessary powers should be obtained under the new constitution.

CHAPTER V

ORGANIZATION OF GOVERNMENTAL MACHINERY

34. Ministry and Departments.—The Cabinet is the ultimate authority responsible for the actions of the Government. Below the Cabinet are the Ministries, each presided over by a Minister and responsible for the administration of the subjects entrusted to it. Under the normal demarcation of work between a Ministry and the offices under its control, it is the Ministry which is

responsible for advising and assisting the Cabinet in the formulation of policy and for implementing the policy laid down. In its turn, it has to exercise this responsibility often through heads of departments. It is the responsibility of these heads of departments to work out details and to set up a machinery required for the implementation of the policy laid down for them.

The collective responsibility of the Cabinet demands a good deal of team work from the Ministries also. This is an aspect of Secretariat working which requires constant vigilance, for if Ministries develop narrow departmentalism, the Secretariat will not be dynamically organised to push forward, with adequate vigour, any progressive policies laid down by the Cabinet and will then become an instrument of internal friction and frustration. Any such tendencies, therefore, require immediate action to eliminate wastage of effort. Such team work is the necessary basis for making collective Cabinet responsibility a reality.

35. Growth of Ministries.—The Secretary works as the administrative head of a Ministry and is assisted by Joint Secretaries, Deputy Secretaries and Under Secretaries, their number depending on the volume of work in the Ministry. An Under Secretary is in charge of one or more sections each consisting of one Superintendent and about six assistants and two or three clerks. The Superintendent and other subordinate staff are responsible for preparing a case under the directions of the superior officers and to put the case up to them for orders. The expansion of the Secretariat since the outbreak of the war is shown in the table below:—

Posts	1939	1945	1948
Secretaries	9	19	19
Additional Secretaries . . . .	..	6	5
Joint Secretaries	8	26	35
Deputy Secretaries	12	51	84
Under/Assistant Secretaries . .	16	103	191
Superintendents	68	215	283
Assistants-in-Charge	8	126	110
Assistants	493	1645	2306
Clerks	641	2776	2569
Stenographers	90	434	515
Class IV Staff	867	3028	3091

The expansion in the functions of Government is largely responsible for the increase in the number of officials employed in the Secretariat. Other contributory factors are lack of personnel of requisite ability, inadequate appreciation of the functions of the various components of the Secretariat, failure to observe the Rules of Business and Secretariat instructions, which alone can ensure a smooth and efficient working of the Secretariat machinery. There is also a tendency to duplicate organisations. In our reports on the Ministries we have pointed out how separate agencies tend to spring up, for the same type of work, under different Ministries.

36. Rationalisation of Ministries.—The number of Ministries today is 18 as compared with 8 in 1938-39. Some of the Ministries are dealing with problems essentially of a temporary nature e.g. Food and Relief & Rehabilitation; others have been created to deal with new responsibilities or to intensify activities in certain directions. We do not propose to offer any comments with regard

to the number of Ministries as it is dependent on political considerations to some extent. But we would like to draw attention of Government to the scope for rationalisation in the distribution of work amongst the Ministries. For example, "merchant shipping" is handled by the Commerce Ministry while "ports" are being dealt with in the Ministry of Transport. The work relating to "coal" and "oil" is distributed amongst three different Ministries. Such distribution is not conducive to efficiency and economy.

37. Growth of parallel units.—Whatever may be the distribution of functions decided upon, it should be strictly adhered to. During the course of our examination we have frequently come across instances, where, in spite of an existing organisation to render a particular service, individual Ministries have often developed parallel organisations for doing similar work. For example, arrangement for Government printing work is the special responsibility of the Controller of Printing and Stationery, under the Ministry of Works, Mines & Power, but small printing units have been established even at Delhi by at least two other Ministries. It is argued in justification of such action that the Controller of Printing & Stationery is not able to cope with the work entrusted to him. The obvious course is to re-organise and strengthen the organisation of the Controller of Printing and Stationery to cope with the additional work. We deprecate the tendency of some Ministries to set up units of their own for work for which arrangements already exist, because such duplication is uneconomical.

38. Additional and Joint Secretaries.—In the Secretariat where a group of officials are conjointly responsible for the performance of any task, it is easy for an officer to shirk work without being brought to book, or for an officer to be inadequately employed without the wastage being noticed. An instance in point is with regard to the grades of Additional Secretary and Joint Secretary. It is difficult for us to understand the fine distinction between the responsibility and functions of an Additional Secretary and a Joint Secretary. Either grade is obviously intended to relieve the Secretary of a block of work, and to function for all practical purposes as Secretary, in respect of that block of work *vis-a-vis* the Minister or other Ministries. In a number of Ministries e.g., Agriculture, External Affairs and Finance, a Joint Secretary does not in fact act in this independent capacity but is required to submit all his work through the Secretary. Under such an arrangement the Joint Secretary in effect functions only as a Deputy Secretary. We consider that unless officers appointed as Joint Secretaries are permitted to function as such, their posts should be downgraded to those of Deputy Secretaries. We appreciate that the Secretary, as the administrative head of the Ministry, must keep himself in touch with the work that is being done by his Joint Secretaries, but he could do this either by seeing the files on their way back from the Minister, or by having periodical talks with Joint Secretaries.

We also do not consider that there is any justification for the two grades of officers—Additional Secretary and Joint Secretary. In our view the grade of Additional Secretary should be abolished, except for one post of Additional Secretary in the Ministry of Finance, which really consists of two Ministries, combined under one Minister, for purposes of administrative convenience.

39. Private Secretaries to Ministers.—The duty of a Private Secretary to the Honourable Minister must normally be to screen the Minister from visitors, keep his papers in order and assist the Minister generally in discharging similar routine duties. The Minister must look to his Secretary for advice on questions of policy or other matters relating to the administration. A junior officer should, therefore, be adequate for this post, and Government themselves have

recognised this principle. In practice, however, senior officers of the grade of Deputy Secretary (or even higher status) continue to work as Private Secretaries to Honourable Ministers. If the abilities of such a senior officer are fully utilised, the Private Secretary would in effect be acting as a Super-Secretary with power but without responsibility; if they are not so utilised, Government will be depriving itself of the services of experienced officers who are badly needed for regular posts, both in the Secretariat and outside, by keeping them in posts which can be filled by more junior officers. We hope that Government will again consider this matter and agree that only junior officers of the grades of Under Secretary should be retained as Private Secretaries. Where, for any special reason an officer of higher status is considered necessary, the exception and its duration should be clearly defined.

40. Private Secretaries to Secretaries and Joint Secretaries.—Apart from Stenographers, Secretaries and some Joint Secretaries have Private Secretaries or Personal Assistants. Arranging papers, keeping track of agendas for meetings etc., and records of official engagements are some of the matters which the Private Secretary or Personal Assistant can attend to. Secretaries have a large number of important matters to deal with personally, and it will be wasting a good deal of their time if they are to attend to these small matters themselves. For officers other than Secretaries such assistance is not always needed. But where such an officer has also to attend a large number of meetings, or has to keep in his personal custody a large number of papers, a personal assistant may be justified. Each such case will have to be judged on its merits, and wherever a personal assistant will materially assist in saving a Joint Secretary's own time, one may be sanctioned. But such assistance should mean a saving of work to the office, and wherever it is given it should be seen that corresponding economies are effected in the clerical grades.

41. Reorganisation of the Ministerial grades.—It has often been suggested that the Secretariat of the future should have a larger proportion of officers and less of ministerial staff (Superintendents and below) than at present. In theory the idea is attractive. But for some years to come, it will not be practicable to secure officers of the type which such an arrangement will need, in sufficient numbers.

The Ministry of Home Affairs has under consideration a scheme for re-organisation (for details of the scheme, see Annexure VI) of the ministerial service which, while providing for an increase in the number of officers, does not entirely dispense with the Assistants. The scheme of re-organisation seems to be generally sound and may be given a trial. In the meanwhile, as the main objective is to reach decisions without delay, every attempt should be made to build up a tradition under which senior officers will encourage junior officers to shoulder responsibility, give them right guidance, and correct wrong decisions, without insisting on being consulted over minor matters.

We trust that in making recruitment to the re-organised Secretariat Service due consideration will be given to the claims of the large number of temporary employees at present working in the Secretariat who, by virtue of their long service under Government, have gained a considerable experience in the methods of work. Such of these persons, as are considered on the basis of their record of work fit for appointment in the re-organised Secretariat Service, should be given preference over outsiders while making initial appointments.

42. Stenographers.—At present, the Deputy Secretaries and higher officers have one stenographer each while two junior officers share one stenographer. It is understood that recently additional stenographic assistance is being sought on the ground that higher officers have to do a considerable amount of

original work, partly on account of the tempo of work and partly the inefficiency of the junior staff. We appreciate the reasons underlying this demand

I recommend that whenever the amount of stenographic work justifies an additional stenographer, one may be sanctioned. But, at the same time, it should also be ensured that two stenographers are not sanctioned as a matter of routine. In any case, there is no case for sanctioning additional stenographers at the Deputy Secretary's level or below.

43. Messengers.—For the movement of papers from one room to another and for attending on officers, at present Government employs a large number of class IV officials. The range of pay of a class IV official was about Rs. 14—Rs. 40 in 1938-39. With the recommendation of the Pay Commission it has now increased to Rs. 70—Rs. 127/8. The present method of work is uneconomical and inefficient. It is a common sight to see a number of class IV officials sitting together and gossiping in the corridors of the Secretariat without doing any work. This is apparently the result of the present small-air-tight compartments into which they are divided.

We recommend that the whole system should be re-organised and personal orderlies provided only for Hon'ble Ministers and the Secretaries. No other officer should have an orderly though some allowance will have to be made for certain officers who have to do a good deal of touring. To look after visitors to the officers and to do other odd jobs there should be one usher for a group of approximately six rooms. The work of transmitting files from place to place should be entrusted to a pool of messengers to be constituted for the purpose. In order that the messengers may perform their task efficiently they should be properly trained and disciplined in a quasi-military manner.

44. Ministerial staff in attached offices.—In dealing with the staff requirements of certain attached offices, we have suggested a certain number of Assistants. We find that the Central Pay Commission has recommended the abolition of this grade from such offices. Wherever Assistants have been recommended by us for these offices, Upper Division clerks should be substituted.

45. Methods of work.—Committees appointed from time to time to examine the organisation and procedure of the Secretariat, have complained about the tendency of the Secretariat officials, at all levels to ignore the rules of Secretariat procedure, to postpone decisions and to push files about. With the deterioration in the general standard of efficiency, this tendency has increased to such an extent as to become almost a menace to a proper working of the Secretariat organisation. The Bajpai Committee, which considered the Secretariat organisation and procedure in 1947 has commented on the deficiencies in the existing system and suggested certain methods of improvement (vide Annexure VII). Notwithstanding the acceptance of these recommendations by Government, the defects still continue to flourish. We recommend that Secretaries should be instructed to enforce a strict adherence to the rules of Secretariat procedure. In particular, it should be enforced that

- (a) an officer shall not send down a paper for consideration to office without giving proper guidance as to the lines on which the case is to be examined,
- (b) that between the Hon'ble Minister and the officer in charge of a section or a group of sections not more than one other officer should intervene,

- (c) where a written reference to another Department is necessary, it should be made usually by an office memorandum, demi-official letter, or where it is necessary to send the file itself, by sending along with it a self-contained note setting out clearly the points on which concurrence or advice is sought.

Steady and continuous pressure should be exercised to see that such instructions are scrupulously observed. We are certain that if there is a determined effort in this direction there will be an appreciable improvement in the standard of work in the Secretariat.

46. Procedure in respect of Inter-departmental meetings.—It has come to our notice that inter-departmental meetings, which have lately grown in a number are not often successful in achieving the objects for which they were intended. An inter-departmental meeting is intended to ensure that decisions are arrived at in matters concerning more than one Ministry, quickly and without much noting. But for such meetings to succeed, it is essential that a proper agenda of the meeting is drawn up and circulated along with notes on the subjects for discussion before hand, that representatives of the Ministries attending the meeting are persons who can make useful contribution to the discussion, and commit their Ministries finally, and that at the conclusion of the meeting proper minutes, containing the decisions arrived at, are recorded. We trust that inter-departmental meetings, which are very useful for expeditious disposal of business, would adopt the procedure suggested above and work in a business-like manner.

47. Organisation to enforce and improve rules of procedure and methods of work.—In view of the past failure of Ministries to enforce a business-like working of the Secretariat machinery, it is desirable, in our opinion, to set up a separate organisation whose duty it will be to exercise strict control over the procedure and personnel of all the Ministries, with a view to find out whether Officers at all levels are fully discharging the functions expected of them, or whether their action is such as to lead to more pushing of files and general increase in work all round. The organisation could also be utilised to suggest improvements in the organisation and methods of work in the Ministries and other offices of Government. (Methods of work in the Ministries as well as in other offices of Government still follow the general pattern fixed many decades ago and have not been altered to fit in with the changing times). In certain countries, particularly in the United States of America and United Kingdom the Governments have developed 'Organisation and Methods Divisions' to assist in improving the efficiency of Government offices. These divisions are responsible for examination of the mechanical processes of work in any office and to suggest economic and efficient methods of organising the work and of utilising the available man power to the best advantage. In the first instance, the new organisation could study the work of the 'Organisation and Methods Division' in the United States of America and the United Kingdom with a view to assess the possibility of improving on a scientific basis the methods of work in the various Government departments.

48. Nature and functions of the Organisation.—We do not visualise the setting up immediately of a full fledged organisation to do all the work mentioned above, if only because of the dearth of requisite personnel. In the beginning, it will be enough to set up a small body consisting of about four or six officers of whom one at least will be of the top grade and the others, class I Officers. It should in the first instance work by surprise inspection. It should have full authority to go and inspect any office, whether in the Ministry or elsewhere at any time, to check whether Government instructions

on procedural matters are being observed, and to make suggestions for improvement in methods of work and consequent reduction of staff, if any. Ordinarily, the action to be taken should be settled in consultation with the Secretary of the Ministry. Any unresolved difference on matters of principle should be referred to the Home Ministry.

Such an organisation will also be of great assistance to the Ministry of Finance in dealing with proposals for increased expenditure and staff. At present there is no mechanism available to make a scientific assessment of the staff required for any particular item of work. More often than not the discussion between the sponsoring Ministry and the Ministry of Finance, with regard to the necessity for an increase in expenditure, resolves itself into a dogmatic assertion on both sides. An impartial and expert body like the proposed "Organisation and Methods Division" would therefore be useful in arriving at a correct decision. It should be one of the functions of this organisation to review periodically the strength of the temporary establishments in various offices. But we would deprecate any attempt to refer every demand for new staff to this organisation for advice, as such references by their very number, are likely to defeat the primary object of such an organisation.

The organisation should be under the Ministry of Home Affairs. The officers in such an organisation must be in a position to give frank and independent advice to Government. Therefore their tenure and other conditions of service should be strictly defined so as not to be dependent upon the discretion of the Ministries whose methods of work they may have to criticise.

49. Instruction Manuals.—An item in respect of which immediate action can be taken is regarding the compilation of up-to-date manuals containing all important instructions of general application. Up-to-date copies of the Rules of Business or Secretariat Instructions are difficult to obtain. Besides, every Ministry issues during the course of a year numerous orders and memoranda of general application. Memoranda issued by the Ministries of Finance, Home Affairs etc. are usually of general application and are required for reference by all offices of government, while memoranda issued by other Ministries are similarly required for reference in offices under their control. In the past the deficiencies in the knowledge of rules and regulations of any new recruit would have been set right by his more experienced colleagues; but today the proportion of new and inexperienced men in most offices is great and this corrective does not exist. The compilation of the Manual will enable the employees to get acquainted with points already decided, will prevent unnecessary correspondence and also reduce the probability of wrong decisions which create a chain of work in their own wake. Once manuals are prepared, Government should require every Government employee to pass a departmental test in the manuals before confirmation.

50. Tendency to centralise functions.—The changed conditions brought about with the advent of popular Ministries responsible to the Legislature have led to over-centralisation of work at the Centre, and to the Secretariat assuming many of the functions which should normally be dealt with at a lower level. It is the tendency of the Secretariat to centralise more and more powers in itself. A similar tendency is apparent in the Administrative Departments. It has come to our notice that some Ministries, instead of concerning themselves with broad questions of policy, which is their proper concern, practically devote their whole time to staff matters or other routine details of the working of the Ministry. It is wrong to suppose that such centralisation can lead to any improvement in efficiency. In order that Government machinery may work properly each component of the machinery must fully discharge its functions.

We realise that in the circumstances in which the popular Ministers came into power an immediate rush of direct applications to the Ministers was unavoidable. Nor can we suggest any restriction on the right of direct approach to a Minister (except in the case of a Government employee who should strictly adhere to the prescribed procedure) but it is as well to realise that a direct approach to a high official instead of assisting in the quick disposal of the problem is more likely to cause delay. Also the proper attitude for a superior officer when he finds that the subordinate officer, to whom powers are delegated, is not exercising his powers properly, should be not to withdraw and centralise the powers in himself, but to ensure that the subordinate authority himself does his duty properly. A corrective applied at the appropriate time should often serve to achieve this purpose. In a bad case, there should be prompt and effective disciplinary action. The public should also be educated so that, in their own interests, they may, as far as possible, follow the prescribed methods of securing redress.

51. Ministries' responsibility for implementation of policy.—While the Ministry should confine itself to policy matters, we recognise that in view of the responsibility of an Hon'ble Minister for the implementation of policy, it will be necessary for him to have frequent consultations with the heads of the Administrative Departments. We suggest that this could be ensured by periodical meetings, presided over by the Hon'ble Minister and attended by the Secretary of the Ministry as well as the head of the Administrative Department concerned. The Financial Adviser to the Ministry should be invited to attend such meetings, wherein all important questions could be threshed out and final decisions arrived at. We feel that such discussions will enable, on the one hand, the administrative departments to understand the difficulties of Finance and for the Financial Adviser to appreciate the view point of the Ministry. Of course for such a committee to work successfully the procedure set out in paragraph 46 above should be followed.

52. Economic and Statistical Organisations.—In order to plan on sound lines and develop the economic life of the country, the Government will need up-to-date Statistical data on a variety of subjects and must also secure expert advice on their interpretation and application. Several Ministries and Departments of Government now employ an Economic Adviser and/or a Statistician. But there is no central organisation either to co-ordinate the efforts of these separate officers or to present to the Cabinet an overall appreciation of the economic problems of the country, or to collect the details which would assist such study. We, therefore, recommend that a high-powered Economist and a high-powered Statistician should be attached to the Economic Committee of the Cabinet.

53. The Economists and Statisticians attached to the various Ministries will continue to work in these Ministries, and the Economist and the Statistician of the Economic Committee of the Cabinet should so arrange their activities as to avoid duplication and employ the existing organisation to the best advantage. The publication of departmental statistics, etc. is already being undertaken in the various Ministries. But if it is decided to publish statistics of general interest, the Statistician in the Economic Committee shall be responsible for such publications.

54. At present, Government have laid down scales of pay for economists and statisticians below the grade of Chief Research Officer; but we feel that in order to avoid inter-departmental competition resulting ultimately in the payment of high salaries, uniform scales of pay should be prescribed for Economists

and Statisticians above the grade of Chief Research Officer. We suggest the following scales as adequate:—

Economic/Statistical Adviser to Government	... Rs.	2,000
Economic/Statistical Adviser to the Ministries	... Rs.	1,600-1,800
Deputy Economic/Statistical Adviser	... Rs.	1,000-1,400

CHAPTER VI

FINANCIAL CONTROL

55. The Ministry of Finance is responsible for ensuring that the public funds are spent in the best interests of the tax-payer, and that the expenditure is limited to the resources available. In order to enable it to discharge its functions, the rules of business provide that it should be consulted on every case having financial implication, and that expenditure should not be incurred without its concurrence. Where the administrative and the Finance Ministries do not agree, or for other reasons the case has to go to the Cabinet, the Finance Ministry's views must be brought to the notice of the Cabinet. These are sound principles. But it has come to our notice that recently there has been some laxity in their observance. We recommend that the rules should be strictly enforced.

56. **Suggestions.**—It is natural that Ministries should feel the restrictions thus imposed on them irksome; but we are surprised at the vehemence of complaints by some of the Ministries against the present methods of financial control. We have carefully considered these complaints and feel that while a considerable volume of these complaints is a result of a lack of appreciation of the difficulties of the Ministry of Finance, engendered mainly by the conditions prevailing during the war, the present methods of financial control need improvement. We suggest as follows:

(a) Ministries primarily concerned with development work and the Ministry of Relief and Rehabilitation should be given a rough indication of the financial targets to which they should work.

(b) In order to enable the allocation of the funds available amongst various competing schemes in the overall interest of the country, the Planning Commission (the Economic Committee of the Cabinet, if that Committee takes over the work) should meet once every six months and if necessary every quarter, to scrutinise all development schemes costing over Rs. 5 lakhs. The Finance Ministry should not provide funds for any development scheme unless the Planning Commission has first scrutinised it and agreed that it should be proceeded with. Such an arrangement will pre-suppose that the Planning Commission has assured itself that the men and material required for the implementation of the scheme will be available.

(c) The present system under which the legislature meets once a year to consider and vote all the supplies required by Government is unsatisfactory. Better control can be exercised only if the Legislature can meet more frequently. Even if the legislature cannot meet more frequently, it may be possible to reconstitute the Standing Finance Committee and to empower it to approve excess over grants in anticipation of sanction.

(d) At present there is no effective control to prevent disbursing officers from overdrawing their grants. As a result, even the Finance Ministry is reduced to the position of approving *ex-post facto* expenditure already incurred. In a few cases, expenditure was incurred even on projects rejected by the Ministry of Finance. The remedy seems to be to intimate to each drawing officer the amounts up to which he could draw, to require him to indicate the available balance on each bill, and to forbid treasury officers to encash bills when the allotment is exhausted.

(e) It is significant that Ministries where there is a tradition of associating Financial Advisers more closely with the administrative work, *e.g.* the Ministry of Defence and the Ministry of Industry and Supply, have little or no complaint against the Ministry of Finance. We recommend that the Joint and Deputy Secretaries in the Expenditure Division of the Ministry of Finance should be geographically so located as to sit near one or more of the Ministries to which they are accredited, and the Ministries should be encouraged to consult with them as early a stage as possible. The present sense of frustration in many of the Ministries should then decrease. In order to emphasise the "advice" aspect, the officers in the Expenditure Division should be designated "Financial Advisers". Also, they should deal with staff proposals of the Ministries to which they are accredited—which work is at present centralised in the Establishment Division.

(f) In order to enable a proper planning of the development programmes, non-lapsing grants should be provided in Ministries with big development projects, *e.g.* the Ministry of Works, Mines and Power, and the Ministry of Industry and Supply.

(g) A considerable volume of work arises over demands for temporary staff. Ministries and heads of Departments have certain powers delegated to them to entertain temporary staff but this power is infructuous in the absence of a budget grant. We suggest that a small grant varying with the needs of the individual Ministries should be provided for this purpose. To prevent the abuse of this facility no single individual should be employed in a post paid for from this grant for an overall period in excess of six months. Where further continuation is considered necessary, the sanction for the post should be obtained from the Ministry of Finance as in the ordinary course.

CHAPTER VII

PUBLIC CORPORATIONS

57. Organisation for Management of State Enterprises.—A new type of organisation which is coming into prominence of late is one which derives its finances mainly from Government, but is not subject to its rules of business. This type has become necessary with the increasing participation of the State in industrial and commercial activities. But it appears that there is no clear conception of the organisation needed in such cases. On the one hand we have huge enterprises like the Railways and the Posts and Telegraphs which are being managed departmentally. The Ministry of Communications have in the last few years acquired various commercial companies and are managing them departmentally, *e.g.* Telephone Companies and the Overseas Communications Service. On the other, we have statutory bodies like the Damodar Valley Corporation or the Port Trusts which are set up by or under a statute and enjoy appreciable internal autonomy but are subject to overall control by Government. Another group consists of companies registered under the Indian Companies Act or societies registered under the Registration of Societies Act. In such

cases Government control is exercised by the appointment of Government nominees to the Board of Directors or Governing Body, and by provisions made in the rules of the society or in the articles of incorporation. Then we have an organisation, like the Delhi Central Electric Power Authority, where Government have purchased a public utility undertaking and handed it over to a group of public men, formally incorporated as a Joint Stock Company with full freedom of action, and with the only limitation that they shall not borrow funds except from Government.

58. Suggestions.—The main reason for the adoption of these new devices is the unsuitability of the ordinary methods of Government business, as compared with those of commercial concerns, for the management of commercial or industrial undertakings. But the main causes underlying this difference are often overlooked. The Rowlands Committee which enquired into the administration of the Bengal Government have remarked:

“It is all too easy to draw facile comparisons between the processes and procedures of business firms and Government Departments and to overlook the different conditions under which they work. Commercial concerns determine their own policy; Government Departments are bound to follow policies laid down for them. * * * Government Departments are bound to accord equity of treatment to members of the public: trading concerns have a much freer hand. Finally, Government Departments conduct their affairs in the knowledge that their actions are open to challenge by the Auditor-General and the Legislature and the Press. They tend therefore to lay greater emphasis on the right answer, rather than on the prompt answer. Business firms are, in general not exposed to such handicaps.”

But, simultaneously, it should be realised that the powers and finances enjoyed by many of these organisations are, in almost all cases, immense, and are not subject to the type of criticism or other tests, such as costs, earning and efficiency, which a business organisation has to satisfy for its continued existence. We should, therefore, guard against setting up of ill-conceived autonomous bodies which get all the privileges of their association with the Government, yet fail to fulfil obligation considered requisite for running any organisation, public or private, with specific objective. The most suitable organisation to conduct Government's industrial and commercial activities can be settled in the light of experience only; but we consider that in setting up these bodies, the following points of general application must be kept in mind.

(a) The success of any such body depends largely on the ability, honesty and sense of public duty of the members constituting the authority. It is therefore necessary that the method of their appointment, the qualifications required of such members, their emoluments, the duration of their tenure, the circumstances in which a member can be removed before expiry of tenure and the procedure for such removal should be carefully prescribed so as to secure persons of the requisite calibre, and to prevent appointments based on political considerations only. The qualifications should be so framed as to secure the appointment of a sufficient number of persons with industrial or commercial background.

(b) These organisations should prepare a statement of accounts which would depict a clear picture of their present and past performance and also of their financial obligations. The accounts and the annual budget must be approved by Government. This procedure will ensure a proper check on the financial commitments of these bodies.

(c) The execution of contracts for performance of service for periods in excess of three years should be subject to the previous approval of Government.

(d) Arrangements should be made to secure independent and expert financial advice to such organisations. While the Financial Adviser should have no power of veto, he should have the authority to bring any item of expenditure which, in his opinion, is not proper, to the notice of the Hon'ble Minister, Finance, for such action as he may consider necessary.

(e) The Auditor-General should be responsible for auditing the transactions of these organisations. Such audit should not confine itself to an audit of sanctions and vouchers only but should also examine the propriety of expenditure having regard to the purposes underlying the formation of the organisation. A copy of the Audit Report should be sent to the management of the organisation concerned for taking suitable action. Important irregularities should also be reported to the Ministry of Finance, and to the Legislature through the Audit Report.

(f) Each organisation should prepare an annual report giving a full account of its activities in the previous year and place it before the Standing Committee of the Legislature for its information.

CHAPTER VIII

SUMMARY OF RECOMMENDATIONS REGARDING MINISTRIES AND OFFICES UNDER THEIR CONTROL

59. As stated in para 4, we have already forwarded to the Finance Ministry our reports containing recommendations in respect of the various Ministries and the offices under their control. In these reports we have given reasons for our recommendations wherever these were needed. Some of the recommendations are based on our appraisal of the requirements of the Ministries in accordance with the methods of work advocated by us. In this chapter, we propose to indicate, in brief outline, the general pattern of our main recommendations.

60. **Activities.**—The expenditure of Government is to a large extent determined by its activities. We, therefore, first examined whether, from the standpoint of economy, all the various existing activities of Government were justified. It was a comparatively easy problem to pick out the few cases where the original object which gave rise to a particular activity of Government had been or was about to be, completed or otherwise, ceased to exist, *e.g.* grant of interest-free loans to Port Trusts, Transfer Bureau under the Ministry of Home Affairs. Similarly, there were a few activities which, in present conditions, were of no practical utility, and should therefore cease, *e.g.* the Architects Division under the Ministry of Health, Marketing Survey of Controlled Commodities. The issues involved were more difficult when we came to the development programmes, whether formally so described or not, and to the functions which had been assumed by Government because of India's new status in the international field. We are aware that the National Government, in view of the promises made, the advertisement given to the post-war development programmes and, above all, because of its desire to improve the standard of living of the common man, must adopt a dynamic policy for the rapid development of the country's resources. But we had also to take into account the scarcity of skilled personnel, material and funds which must necessarily limit the activities which Government can usefully undertake in these directions. We have weighed these conflicting factors carefully and

in addition given full consideration to the functions allotted to the Centre and to the Provinces under the constitution before recommending whether any particular activity should appropriately be undertaken by the Central Government. We have also further examined whether the advantages which accrue justify the expenditure involved. On this basis, we have recommended that certain activities should be left to the Provinces which are, under the constitution, responsible for the discharge of those functions, that certain other activities should be abandoned, or postponed for a specified period, and certain others should be continued, but in a modified manner, or with a restricted scope.

61. During the course of our examination, however, it came to our notice that some of the Ministries had under preparation various development schemes. Our general recommendation with regard to these development schemes is that they should all fit into an all-India plan. The Planning Commission would be the appropriate authority to undertake this task.

62. Our main recommendations are:

(1) (a) An all-India development programme should be prepared embracing the schemes sponsored by the Central Government as well as by the Provincial Governments or Chief Commissioners' Provinces; a time-table of work should be laid down having regard to the availability of men, material and money. In preparing these plans, priority must be given to the execution of irrigation projects and to the development of roads.

(b) Similarly, an overall practicable programme to improve labour conditions should be evolved taking into account the needs of labour, the economic limitations of the present situation and the administrative capacity of Government; Labour legislation should be undertaken only in the background of such overall policy. In particular, the policy of Government with regard to industrial housing needs to be reconsidered, so as to fit in with the financial resources of the country as well as the overall need for a balanced distribution of building materials.

(c) The activities of the various Ministries and offices with regard to 'Development' should be regulated by such overall policy.

(2) The Government of India have started, or propose shortly to start at an estimated total cost of Rs. 145 crores, a number of industrial enterprises, viz., production of steel, fertilisers, machine tools, internal combustion engines, oil from coal, etc. Until these prove by experience to be successful, no new industry should, save in exceptional circumstances, be established as a State enterprise.

(3) For the time being, Government should concentrate on the completion of eleven National Research Institutes, which have been planned by the Council of Scientific and Industrial Research, and should not embark on the construction of new Institutes.

(4) The Employment Exchanges under the Ministry of Labour should be transferred forthwith to the Provinces.

(5) The Central Ground Water Organisation under the Ministry of Agriculture should be abolished. The survey of ground water resources should be transferred to the Geological Survey and the utilisation of the ground water resources left to the Provincial Governments.

(6) While the Grow More Food campaign should continue, the Centre should confine its subsidies under the scheme only to projects which will result in increased yield of foodgrains, rootcrops and, in maritime provinces, fish.

(7) While measures are necessary to prevent the spread of plant pests and diseases in the country, the proposed organisation of the Directorate of Plant Protection, Quarantine and Storage, under the Ministry of Agriculture, is unnecessarily extravagant. Quarantine stations need not be established at airports at present. The district organisations under the Provincial Governments should be fully utilised in combating possible spread of plant pests and diseases, the Central Government maintaining only a small central organisation with the necessary equipment.

(8) The Central Tractors Organisation should look after the initial reclamation of land by heavy tractors and should be sanctioned for a period of five years. The Central Government should not, however, undertake mechanical cultivation of lands by light tractors; the Provincial Governments should be asked to make necessary arrangements for such cultivation.

(9) The Agricultural Marketing Department should be established on a permanent footing, but the programme of work of marketing surveys during the next few years should be reviewed with a view to exclude marketing surveys of articles which are under control. Also, the cost of marketing surveys and other preliminary work relating to quality grading of articles which are within the jurisdiction of Special Commodity Committees should be debited to the Committees concerned.

(10) The establishment of a Copyright Library and of an Archaeological Museum at Delhi should be postponed for at least five years.

(11) The establishment of the All-India Medical Institute should be postponed for at least five years, and in the meanwhile, the alternative scheme of developing existing medical institutes to provide high-grade training should be pursued.

(12) The Lake Medical College at Calcutta should, after the present commitment to the war-service licentiates is over, be handed over to the Government of West Bengal if they are willing to take it over; otherwise, it should be closed.

(13) The establishment of a Cattle Breeding Farm at Jubbulpore should be postponed for the time being. Arrangements to carry out experiments in breeding and dairy problems should be made to the extent possible in the dairy farms under the Ministry of Defence or in dairy herds maintained in the various institutes under the Ministry of Agriculture.

(14) The establishment of missions at The Hague, Stockholm and Rome should be postponed for at least three years. No new mission should be established in any foreign country for the next three years, save in exceptional circumstances.

(15) Posts of Cultural Relations Officers, Cultural Attaches and Labour Attaches in foreign countries should be abolished and no new posts created.

(16) The Press Information Bureau should confine itself to the supply on behalf of Government of accurate information in its proper perspective. Similarly, as far as publications for circulation within India are concerned, Government should concentrate only on publications which will bring out facts relating to the activities of the Government of India. It should be left to the private enterprise to bring out periodicals relating to political, cultural and educational subjects.

(17) The Architects Division in the Directorate General of Health Services should be immediately abolished, and the Central Bureau of Standards should not be established.

(18) The Transfer Bureau and the Employment Coordination Committee under the Home Ministry should be wound up at the latest by June 1949 and any residuary work handed over to the Employment Exchanges.

(19) The grant of subsidies to Provincial Governments on account of the Police Force should be discontinued.

(20) The grant of interest-free loans to port authorities should be discontinued.

(21) The grants for the patronage of subjects other than scientific studies should be subject to an overall limit of Rs. 6 lakhs per annum for the next five years and the grant of scholarships in India to foreigners should be restricted to an overall limit of Rs. 1.5 lakhs per annum.

(22) The Overseas scholarship scheme should continue but should be restricted to provide facilities for acquiring technical and scientific knowledge not available in the country. The subjects for which stipends should be granted should be examined by a small expert committee periodically. No person should be sent abroad until it is definitely known that he can obtain the training for which the scholarship is awarded. A scholar while abroad, should not be permitted to change the course of study of his own volition. Also, recovery should be effected from the scholars, of the amounts advanced to them in accordance with a graduated scale based on their earnings, subject to the overall condition that no recovery, should be made beyond 10 years after the scholar's return to India.

ECONOMY IN PERFORMANCE

63. Policy.—There are a number of cases where we are in complete agreement with the objects Government have in view, though we feel that the actual policy adopted is not the most economical way of securing them. Such cases are mentioned below:—

(a) The policy adopted with regard to the licensing of Commercial Air Transport Companies in the country is bound to have serious consequences. Civil Aviation is rarely able to pay its way, notwithstanding that Government is providing aerodrome and communication facilities practically free of cost. The growth of Air Transport Companies should be rationalised and the existing number of Commercial Air Transport Companies reduced by an amalgamation of the existing companies to only three or four.

(b) While the Ministry of Communications is placing great emphasis on the development of commercial aviation services, sufficient attention is not being paid to the more important task of giving advanced training both in flying and ground engineering to Indians in this country. High priority should be given to the provision of training facilities.

(c) After the present firm commitments for imports of rice from abroad have been fulfilled, and till the present disparity in prices persists, its imports should be restricted to 2,00,000 tons only.

(d) The development programme of the All-India Radio will not achieve the desired results unless Provincial Governments, on their part, instal an adequate number of community sets in the rural areas. Installation of new transmitters can well be postponed until the provincial authorities concerned, on their part, agree to such a condition.

(e) The policy of government with regard to import and export control is susceptible of improvement. Government should review the list of articles

subject to such control with a view to place as many articles as possible on the open general list. A separate list of open general licence articles for Pakistan may perhaps be justified. Frequent changes in such a list should be avoided and a list once prepared should at least remain in force for a period of six months.

(f) The net-work of trade representatives abroad will not achieve the object of developing India's export trade unless proper measures are taken to control and certify the quality of goods exported from this country. We recommend the establishment of an autonomous organisation consisting of representatives of the trade which will work subject to the overall supervision of Government, and be responsible for standardisation, inspection and issue of certificates in respect of exports. Such a body could well be financed by the levy of a small cess on exports.

(g) With regard to the desire of Government to develop tourist traffic, it is well to remember that in order to achieve results a high-powered programme for the purpose should be framed and Government should be prepared to spend sufficient money on it. A small scale effort is not likely to produce any results and the money spent will be wasted.

(h) The present system for the financing of research schemes by the Indian Council of Agricultural Research is unsatisfactory. The Council should draw up an overall plan for research for the whole of India, take into account researches which are already being carried out in the various Universities and research institutions in the country, persuade them to fit their work into an all-India plan, and promote those schemes in the all-India plan for which no provision already exists. The Council should not concern itself with petty schemes which could appropriately be left to be financed by local resources. The progress of research schemes financed by the Council should be carefully watched by scientific experts in the appropriate line, and the all-India plan should be annually reviewed and modified as necessary.

(i) The work of the Rehabilitation Wing of the Ministry of Relief and Rehabilitation requires proper planning. At present, quotas of refugees have been allotted to the Provinces and the Rehabilitation Wing of the Ministry of Relief and Rehabilitation is required to prepare, in consultation with the Provincial Governments, schemes for rehabilitation and to ensure their implementation. The question of Provincial co-operation would have to be settled at a high level, but it is as well to realise that without such co-operation rehabilitation cannot proceed. A proper plan to cover a period of about three years should be drawn according to the funds available and according to the quotas of displaced persons allotted to Provinces. A determined effort to execute the programme should be made. The plan should provide for the maximum utilisation of refugee manpower.

(j) The Government of India are incurring heavy expenditure on the administration of the Andamans and Nicobar Islands. These islands contain valuable forests and every effort should be made to exploit them. Unfortunately, for want of co-ordinated effort the progress of work relating to the exploitation of these forests has been slow. Early steps should be taken to recruit the necessary staff and to place the Forest Department in the Andamans in a position to exploit fully the forests in the Southern Island. The forests in the Northern and Central Islands should be leased to a private commercial corporation, or to a corporation in which Government will have a predominant interest, subject, of course, to suitable safeguards.

64. Methods and Organisation.—In respect of functions of the Central Government which must continue, we examined whether they were being carried out efficiently and economically. In Chapter V we have commented in some detail on the defects in the existing organisation. Overall economy and efficiency will result from the entrustment of executive functions to independent offices outside the Ministry and, in suitable cases, to a public corporation; by a proper delegation of authority, and the enforcement of the responsibility of the individual officer for his actions without interference from above in his day-to-day work; by a more rational distribution of work including grouping together of the same or similar functions, as far as possible, under a single Ministry instead of permitting establishment of parallel organisations. In many cases, all that is needed is an improvement in the technique of work. The available manpower can be best utilised by a proper co-ordination between the different Ministries of Government (and in suitable cases with Provincial Governments, *e.g.*, the establishment of a unified border patrol instead of maintaining separate Police and Customs Preventive staffs); by standardisation of procedure dealing with problems of the same nature that recur at frequent intervals and the proper use of inter-departmental meetings. Our main recommendations are:—

(a) Immediately Government approve a project to establish an industry as a State enterprise and decide to proceed with it, steps should be taken to entrust the work to a public corporation. Such public corporations should be set up for the Sindri Fertiliser Factory and the Delhi Transport Service.

(b) All Government factories should ordinarily be the responsibility of the Ministry of Industry and Supply, though an exception may be necessary in respect of Defence Industries and certain other specialised factories. The factory for production of pre-fabricated houses under the Ministry of Health should be transferred to the Ministry of Industry and Supply.

(c) The Housing Department under the Health Ministry is unnecessary and should be abolished. Any planning and advisory work relating to housing schemes of the Ministry of Relief and Rehabilitation or the Ministry of Labour, should be made the responsibility of the Ministry of Works, Mines and Power.

(d) All import and export control work should be concentrated in the Ministry of Commerce under the Chief Controller of Imports and the Chief Controller of Exports, respectively, except where the internal distribution of an article is controlled, and close co-ordination between internal distribution and import and export control is necessary, or where licencing requires highly specialised knowledge. In such cases, the officer in charge of the internal distribution and control should be entrusted with the import and export control work. Government should also bring out a pamphlet containing all the import and export regulations and specifying the authorities to whom a licensee should apply and the remedies open to a licensee when he is dissatisfied with any particular order.

(e) The Central Board of Revenue and the offices under its control should be reorganised as follows:—

(i) The post of Chairman of the Board should be abolished.

(ii) The Directorate of Inspection should be abolished and the Commissioners of Income-tax made fully responsible for the proper administration of their offices. A number of specialist advisers may, however, be appointed to assist the Member of the Board in charge of Income-tax.

(iii) The grade of Examiner of Accounts should be re-introduced to assist the Income-tax Officers in their work.

(iv) Each Commissioner of Income-tax should be provided with a Chief Inspector assisted by a number of junior officers to carry out a field survey of the territories under him, at least once every three years, with a view to detect tax evader.

(v) The grade of Supervisors should be retained in the Central Excises Department.

(vi) In order to ensure better supervision, a Collectorate is suggested for each Province except for the major provinces of Madras, Bombay and the United Provinces which could be formed into two Collectorates each. The Directorate of Inspection, Central Excises and Customs should be abolished and in its place there should be three Regional Commissioners to act as a link between the Central Board of Revenue and the Collectors.

(vii) After a decision is taken by the Constituent Assembly with regard to the apportionment of the different sources of revenue between the Centre and the Provinces, Government should examine, in consultation with Provincial Governments, rationalisation of the system of collection of revenue so as to ensure maximum economy and minimum harassment to the taxpayer.

(viii) In consultation with the Provincial Governments, a unified border patrol should be established on the frontiers with East and West Pakistan with the responsibility for preventing offences both against the ordinary laws of the land and against customs regulations.

(ix) The hours of work at the ports of Calcutta, Bombay and Madras should be re-arranged so as to provide for work in shifts. The present payment of overtime is on an excessively large scale, and should be reduced to a minimum.

(f) Early steps should be taken to overhaul the working of Government owned coal mines and to reduce the production costs.

(g) As far as possible, enemy assets still in the custody of the Custodian of enemy properties in the Ministry of Commerce should be converted into cash and held in deposit to be disposed of in accordance with the final agreement which may be negotiated with the enemy countries.

(h) The composition of every delegation sent out from this country overseas should be as economical as possible. Trade delegations should normally be sent out to deal with specific problems and should be so constituted and empowered as to be able to negotiate the matter on the spot.

(i) Immediate steps should be taken to provide suitable financial checks on the activities of the Director General, India Stores Department, London, and the India Supply Mission, Washington.

(j) The pre-war arrangement of locating a ship of the Royal Indian Navy at Port Blair, which will be available to the Chief Commissioner of the Andamans and Nicobar Islands for visiting the islands under his jurisdiction should be revived.

(k) A Directorate General of Shipping should be established and located at Bombay and entrusted with the execution of Government policy regarding shipping.

(l) As and when an administrative Ministry obtains sanction for a new project to be undertaken by the C.P.W.D., it should communicate the sanction to the Ministry of Works, Mines and Power which should be responsible to co-ordinate these demands and to obtain the necessary budget provision. It should be the responsibility of the Ministry of Works, Mines and Power not to ask for more funds in any year than the C.P.W.D. can spend during that year.

(m) Early steps should be taken to frame rules classifying our foreign missions as well as trade representatives abroad into suitable categories, fixing the salaries of heads of missions, and their staff, in various grades, and also to regulate the grant of travelling allowances, medical facilities, scale of accommodation and furnishings, etc.

(n) The Ministry of Transport should expedite the general revision of Port Trusts Acts, now under consideration, so as to introduce uniformity and remove anomalies. Also, 'minor' ports should be taken over by the Central Government and grouped together suitably for purposes of providing common services which no individual port can afford.

(o) The possibility of running the Central College of Agriculture at Delhi as an adjunct to the Indian Agricultural Research Institute should be examined.

(p) The high-grade technical institutes which are proposed to be established by the Ministry of Education should devote themselves to subjects for which other institutions in India do not provide facilities.

(q) Storage and distribution of medical stores needed to meet the Civil and Defence requirements of the country should be entrusted to one common agency which will cater for both.

(r) A unified inspection organisation should be set up under the Directorate General, Industry and Supply, which will be responsible for inspecting all purchases (except certain specialised items) made on behalf of Civil Departments and the Armed Forces.

(s) There is little justification for the proposed expansion of the Alipore Test House, except in regard to facilities for routine testing.

(t) The maintenance of Central Government Works in Assam now looked after by the Assam P.W.D. or the C.P.W.D. (non-Aviation Wing) should be transferred to the Central Government Engineering Organisation in Assam under the External Affairs Ministry.

65. Recovery of Cost.—In some cases we have considered it necessary to suggest that the cost to Government should be reduced by utilising an obvious connected source of income (e.g. by acceptance of advertisements in Government publications) or by recovery of the whole or a portion of the total expenditure; or where such recovery is already being made, by revising the charges to fit in with the present conditions. Our recommendations are:

(a) The Central Electricity Commission should embark on new investigations and surveys only at the specific request of a Provincial Government, State Government or Corporation which intends to utilise the results of the investigation and on that authority agreeing to bear the full cost of the investigation.

(b) The schemes of research into technical problems connected with paper and plywood industry conducted by the Indian Forest Research Institute, Dehra Dun, should be financed by the Industry concerned and should be settled in consultation with it. During the time these plants are not employed on research work, they may be employed in normal production, the produce being utilised to meet the needs of Government.

(c) The magazines and other publications brought out by Government should accept selected advertisements for insertion so as to derive additional revenue.

(d) The Alipore Test House should levy fees on all samples from tenderers tested by it, irrespective of whether such samples are received direct from the tenderers or through the Ministry of Industry and Supply. The rates in force for testing samples were fixed long ago, and should be increased.

(e) The entire expenditure in running the Essential Supplies Scheme under the Ministry of Home Affairs should be met from the funds of that Scheme.

(f) Half the cost on local investigation undertaken by the Malaria Institute should be recovered from the Provincial or State authority on whose behalf the investigation is undertaken.

66. New Activities.—In some cases, we have suggested that Government should undertake certain new functions, so as to remove a lacuna in an existing activity, or to extend it to its logical conclusion, with a view to secure maximum benefit to the country from the expenditure involved. In some others we have suggested new capital expenditure (e.g. installation at Bombay Port of mechanical equipment to handle grain imports) in order to save on the annual recurring expenditure, which is at present being incurred. We should, however, add that this capital programme should be fitted into the proposed all-India Plan. Our recommendations are:—

(a) Our Trade Representatives abroad should attempt to establish direct contacts between exporters or importers in India and Commercial interests abroad, so as to facilitate direct trade instead of through London, as at present. They should also be equipped to collect and supply promptly any intelligence affecting India's trade interests, directly or indirectly, to the Commerce Ministry and the Commerce Ministry should be organised to analyse the information received, and to take prompt action thereon.

(b) The question of building an Aerial Survey Service as an adjunct to the Survey of India or the Royal Indian Air Force should be examined as early as possible.

(c) In order that full benefit may be obtained from the training imparted in the Indian School of Mines, Dhanbad, immediate steps should be taken to arrange practical training in mines, for the diploma holders of the school, on the lines recommended by the Re-organisation Committee.

(d) Government should encourage the formation of gliding clubs all over the country.

(e) Government should examine the possibility of reducing the cost of hydrogen manufactured at Agra by the Meteorological Department—if necessary by making commercial use of oxygen now wasted as a bye-product.

(f) Mechanical equipment should be installed as early as possible at the Bombay Port for the bagging, lifting and weighing of grains. Also, godowns of reasonable size should be constructed at the Ports of Bombay, Calcutta and Madras.

(g) In view of the need for developing India's shipping tonnage, and the large volume of foodgrains which are being imported into this country. Government should start shipping corporations as early as possible, to be managed on strict business lines. Every facility should be given to these corporations to acquire ships. If private capital is shy, Government should step in with necessary assistance.

(h) Government should arrange to have their own studio and office buildings for the Films Division under the Ministry of Information and Broadcasting. The question of establishing a laboratory for processing the documentaries and news reels manufactured by the Films Division should also be examined. Suitable arrangements should be made for the exhibition of the films produced.

67. Disposals.—Our recommendations with regard to the utilisation of the stores in the Disposals Depots are intended to ensure the most economical use of the material available to Government. The blanket ban on the disposal of stores lying in the 'Disposals' depots should be forthwith removed, and the Director General, Disposals, should be asked to speed up the disposal of stores surplus to Government needs. The Central Waterpower Irrigation and Navigation Commission should take over from the Disposals Depots such stores as are likely to be required for the execution of the various multi-purpose projects, either directly by it or through a provincial agency, and maintain the stores till they are required. Similarly, the Ministry of Education should take over all equipment from the Disposals, which is not useful to industry, but of value for training purposes in educational institutions, and arrange to distribute it to various institutes. The stationery stores, still with the Disposals, should be taken over by the Controller of Printing and Stationery, for distribution to Government offices, though they may not strictly conform in all respects to the stationery ordinarily in use in Government offices. Every effort should be made to wind up, by the end of 1949, the Disposals Organisation, which is costing Government Rs. 1.43 lakhs per annum.

68. Payment towards services rendered.—Economies are also possible in the expenditure incurred by Government on the purchase of stores, or on payments made in lieu of certain services. Our recommendations are:—

(a) At present, many articles are purchased from overseas on c.i.f. basis, and the seller usually takes out insurance with a foreign company. In view of the large volume of purchases made by Government, it would be advantageous for Government to establish an Insurance Fund of its own to which should be credited all the premia payable by it in respect of such shipments, and to which will be debited all the losses which may be sustained. Pending the formation of such a fund, it should be arranged at the time of entering into a contract that the goods will be insured with Indian Companies.

(b) We understand that large quantities of surplus stores are available for sale in the Disposals Organisations in Great Britain and in the United States of America. It is likely that some of the machinery required for the River Valley Projects in India can be secured from these sources at a comparatively cheap price. We suggest that early steps should be taken to investigate whether any stores thus available can be advantageously purchased. Stores to the extent available should be purchased and maintained by the Central Waterpower Irrigation and Navigation Commission in a pool for utilisation either in its own projects or in Provincial Governments' projects.

(c) The agreement between the Government of India and the Commonwealth Communication Company Limited for the transmission of messages overseas by cable or wireless has not been in the best interests of the country. A revised agreement should be negotiated. Government should also explore the possibility of establishing direct radio links with foreign countries.

(d) The Indian School of Mines at Dhanbad is generating its own power supply, which is very uneconomical. Power should be obtained in bulk from the local Electric Supply Company. Similarly, power required by the transmitters at Kirkee of the Overseas Communication Service under the Ministry of Communications should be obtained from the local Power Company.

(e) Steps should be taken to get the Advertising Consultant recognised by the Indian and Eastern Newspaper Association and to secure to Government the rebates allowed by newspapers on the advertisements.

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(d) The Indian School of Mines at Dhanbad is generating its own power supply, which is very uneconomical. Power should be obtained in bulk from the local Electric Supply Company. Similarly, power required by the transmitters at Kirkee of the Overseas Communication Service under the Ministry of Communications should be obtained from the local Power Company.

(e) Steps should be taken to get the Advertising Consultant recognised by the Indian and Eastern Newspaper Association and to secure to Government the rebates allowed by newspapers on the advertisements.

for extra staff based on the number of receipts in the Ministry concerned were strongly urged before us. The number of receipts cannot, in our opinion, be a true guide because with the abandonment or curtailment of functions as suggested, and the carrying out of the changes in organisation and methods of work which have been recommended, there should be an appreciable drop in their number. We would have liked to make a scientific job analysis of the work in a few typical offices before making our staff recommendations, and in September 1948, we requested the Ministry of Finance to arrange for the inspection of a few offices by specialists like IBCON or Bedeaux. But the Ministry of Finance were not sure whether such investigation would yield useful results. We have, therefore, tried to assess the volume of work and of the establishment required in the light of the evidence before us, the duties and responsibilities which officers of different categories are required to shoulder (this has been discussed at paras. 38-44 *ante*) and the outturn of work which may be expected of them. Our detailed recommendations with regard to staff, and the illustrative charts showing how the work could be distributed, have been communicated to the individual Ministries along with our interim reports. We would only like to observe that some of those recommendations are on the understanding that the offices in Simla will be brought down to Delhi. We are sure that this should be possible if the reductions in staff we have suggested in respect of offices in Delhi are carried out.

The reductions proposed in the Secretariat are:—

<i>Posts</i>	<i>Existing</i>	<i>Reduction</i>	<i>Balance</i>
Secretaries	19	..	19
Additional Secretaries	5	3	2 *
Joint Secretaries	40	4	36
Deputy Secretaries	89	11	78
Under/Assistant Secretaries	214	38	176
Superintendents	294	29	265
Assistants-in-Charge	148	65	83
Assistants	2310	378	1932
Clerks	2548	510	2038
Others	424	97	327

(Stenographers and Class IV personnel excluded.)

11. Recovery of Advances.—During the course of our enquiry, we came across instances where large advances made by Government were yet to be recovered and sufficiently energetic steps were not being taken to effect the recoveries. The transactions pending in connection with the sale of the old Information Films of India are yet to be completed. About Rupees twelve crores were advanced to evacuees of Indian origin from Burma, Malaya and other places in the Far East and only a very small amount has yet been recovered. We hope that energetic steps will be taken to recover the amounts due, after tying off the advances wherever such a step is called for. The procedure recovery of the cost of foodgrains imported from abroad and supplied to the public also needs overhauling.

CHAPTER IX

CONTINGENCIES

72. In every office there are certain essential items of expenditure for office running which are covered by the term 'Contingencies', e.g. postage and telegram charges, purchase or repair of furniture, petty supplies like ink, paper, thread, hot and cold weather amenities, etc. The aggregate total for such charges is considerable, but in spite of our efforts, it has not been possible to isolate figures for total contingent expenditure of Government with any degree of accuracy. From our examination we are, however, satisfied that there are several directions in which economies are possible.

73. **Service Postage and Telegram Charges.**—The expenditure on service postage, telegrams and telephone calls constitutes an important item of expenditure debited to contingencies. Government Departments do not exercise the same sense of economy as commercial concerns in the use of telegrams and telephones. A little care in drafting telegrams, or using air mail instead of telegrams, wherever possible, will result in considerable savings. We recommend that for the year 1949-50 all offices of Government should be asked to restrict their expenditure on postage, telegram and telephone to 70 per cent of the budget provision for such items; and a Head of Department or an office should be directed to arrange for a progressive watch on the expenditure so that the limit is not exceeded in the year.

74. **Purchase and Repair of Furniture.**—We recommend that suitable scales of office furniture should be prescribed for different grades of officers and staff in keeping with the dignity of Government and the periods of their renewal and replacement fixed.

75. **Staff Cars.**—The total number of staff cars in the Secretariat excluding the Railway and the Defence Departments is 59, and the annual cost of maintenance on the staff cars is nearly Rs. 2 lakhs, exclusive of depreciation. We realise that in the prevailing conditions when the offices of Government are scattered over wide areas in Delhi, staff cars cannot be dispensed with until the transport conditions in Delhi improve. Unfortunately, this facility has been misused. We recommend that for all the Central Government offices in Delhi there should be a pool of 20 staff cars maintained under a Central authority and their use strictly restricted to journeys on duty. A whole-time qualified mechanic should be employed for the upkeep of these cars.

76. **Staff Paid from Contingencies.**—In a number of government offices including the Secretariat, certain staff is maintained for such duties as sweeping and dusting the offices, watering the khus-khus tatties during summer, and so on. This staff is paid usually from contingencies and except for the staff required for seasonal duties like watering the tatties, etc., the rest is kept more or less continuously from year to year. Notwithstanding this, the staff suffers from a number of disabilities because the expenditure is debited to contingencies, e.g., they do not have any regular leave or pension privileges; no fixed rates of pay scales have been prescribed, etc. In our opinion, the distinction between class IV officials borne on the regular establishment and those paid from the contingencies is an artificial one. It further leads to extravagance so far as the latter staff is concerned, as the head of the office is the sole authority to decide on the number of such staff and its duration, within his budget provision under contingencies for the year. Whatever staff is required by Government, for duties of this nature, should form part of the normal

IV establishment of an office, and its cost should be met from the establishment budget and not from contingencies. It is understood that Government is apprehensive of accepting a measure of this nature, as it may lead to increased expenditure. Even if this be so, the proposed change should be carried out as, on merits, the distinction cannot be justified. Only part-time seasonal employees can be properly paid from contingencies.

77. **General.**—By and large the growth in contingent expenditure reflects the growth in the personnel in Government organisations and the prevailing increase in prices. We feel, however, that the very conditions in which Government Departments have grown have led to a relaxation of the control on contingent expenditure. We recommend that there should be an overall cut of 10 per cent. in the Provision for the contingent expenditure in the 1949-50 budget, excluding the cost of postage, telegrams and telephones and the cost on staff now paid from contingencies.

CHAPTER X

CHIEF COMMISSIONERS' PROVINCES

78. According to our terms of reference, we were required to examine the working of the administrations in the Chief Commissioners' Provinces also. Of the four Chief Commissioners' Provinces, Coorg has a separate Legislature and also its own budget. The Centre is not at present, paying any subvention. With regard to the other Provinces, the revenue and expenditure position is as at Annexure VIII. We have made certain recommendations with regard to the administration of the Andamans and Nicobar Islands in our report on the Ministry of Home Affairs. The administrations of the Chief Commissioners' Provinces of Delhi and Ajmer-Merwara are likely to alter completely in the near future as a result of the constitutional changes now under consideration. We have not, therefore, considered it necessary to examine in detail the expenditure in these Provinces.

CHAPTER XI

CONCLUSION

79. We have been working in a period of transition. The Government and the administrative machinery are new to their responsibilities, and are faced with a number of problems of great complexity demanding urgent solution. Because of the inherent limitations of such a situation, we have framed our recommendations with moderation and believe that they can be given effect to, in their entirety, without difficulty. The net saving resulting from these recommendations is approximately Rs. 3.6 crores on establishment and Rs. 2.5 crores on other items against a total civil budget of Rs. 145 crores. In addition, however, we have recommended the postponement of certain schemes involving a non-recurring expenditure of Rs. 14.7 crores and an annual recurring expenditure of Rs. 1.6 crores.

80. The present National Government and the Committee have the same objective in view—the creation of an efficient and economic administrative machinery to assist the Government in building up the strength and prosperity of the nation. We have, therefore, deliberately avoided suggesting reductions in staff which is normal and more settled conditions we might have felt justified in recommending.

81. Whilst, in the main, our recommendations will result in a reduction in the set-up of the governmental machinery, we have not hesitated to suggest additions to certain departments where, in our opinion, such additions will lead to greater efficiency and therefore to true economy in the long run.

82. The activities of Government will continue to grow and the governmental machinery will have to adapt itself to these growing demands. There is always a tendency in Government departments to expand in an ill-co-ordinated and haphazard manner, and carry along with them a lot of dead wood which should be removed from time to time. Constant vigilance, supplemented by review at periodical intervals, of the governmental organisation, is therefore essential.

83. **Acknowledgments.**—In the course of our investigations we have received much valuable assistance from a large number of busy officers often at considerable inconvenience to themselves. We want to record our gratitude for their assistance.

Our special thanks are due to Mr. P. V. R. Rao who was placed on special duty to assist us in July 1948. He has proved a mine of information and without his industry and energy, our arduous work would not have acquired the degree of thoroughness it has, nor been brought to conclusion even at the present date.

We must also record our appreciation of the work done by our indefatigable Secretary, Mr. G. S. Rau, who has been in charge of the Committee's office throughout. Under the able guidance of Mr. V. Doraiswami, and the Superintendents (Messrs. S. Sundaresan, V. S. T. Chari and Banwari Das), the staff—Assistants, Stenographers, Clerks and others—have put in long hours of work and our special thanks are due to them for their labours.

KASTURBHAI LALBHAI.

B. DAS.

S. K. PATIL.

JAIPAL SINGH.

ISHWAR DAYAL.

P. V. R. RAO,

Officer on Special Duty.

G. S. RAU,

Secretary.

New Delhi, dated the 30th April, 1949.